

**Pelham Capital Ltd**  
Report And Financial Statements  
*31 March 2019*

Rees Pollock  
Chartered Accountants



## **Pelham Capital Ltd**

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### **COMPANY INFORMATION**

<b>Directors</b>	R J Turner C Cunningham
<b>Registered number</b>	08435627
<b>Registered office</b>	14th Floor, Smithson Plaza 25 St James's Street London SW1A1HA
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street Blackfriars London EC4V 6BW
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS

**STRATEGIC REPORT**  
**For the Year Ended 31 March 2019**

**Business review**

The principal activity of the company was that of investment management.

**Principal risks and uncertainties**

The principal risk of the company is the funds which the company manages do not perform as expected.

**Financial key performance indicators**

The key performance indicator of the company is the performance of the fund.

This report was approved by the board on 23 July 2019 and signed on its behalf.



R J Turner  
Director

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**DIRECTORS' REPORT**  
**For the Year Ended 31 March 2019**

The directors present their report and the financial statements for the year ended 31 March 2019.

**Principal activity**

The principal activity of the company was that of investment management.

**Directors**

The directors who served during the year were:

R J Turner  
C Cunningham

**Results and dividends**

The profit for the year, after taxation, amounted to £44,823,226 (2018 - £131,125,367).

During the year the company paid dividends of £45,873,608 (2018: £34,400,005).

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**DIRECTORS' REPORT (CONTINUED)**  
**For the Year Ended 31 March 2019**

**Auditors**

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 July 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'R J Turner', written over a horizontal line.

R J Turner  
Director



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PELHAM CAPITAL LTD**

**Opinion**

We have audited the financial statements of Pelham Capital Ltd (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PELHAM CAPITAL LTD (CONTINUED)**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Rees (Senior Statutory Auditor)  
for and on behalf of  
**Rees Pollock**

23 July 2019

**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**For the Year Ended 31 March 2019**

	Note	2019 £	2018 £
Turnover	2	65,682,122	180,236,798
Administrative expenses		(10,419,213)	(18,345,274)
<b>Operating profit</b>	3	<b>55,262,909</b>	<b>161,891,524</b>
Interest receivable and similar income		73,214	13,636
Interest payable and expenses		(220)	-
<b>Profit before tax</b>		<b>55,335,903</b>	<b>161,905,160</b>
Tax on profit	6	(10,512,677)	(30,779,793)
<b>Profit after tax</b>		<b>44,823,226</b>	<b>131,125,367</b>
Retained earnings at the beginning of the year		3,729,697	8,301,245
Profit for the year		44,823,226	131,125,367
Dividends declared and paid		(45,873,607)	135,696,915)
<b>Retained earnings at the end of the year</b>		<b>2,679,316</b>	<b>3,729,697</b>

The notes on pages 9 to 15 form part of these financial statements.



**BALANCE SHEET**  
**As at 31 March 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	7	1,646,405	279,055
		<u>1,646,405</u>	<u>279,055</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	7,272,708	7,568,625
Cash at bank and in hand		5,720,485	44,478,440
		<u>12,993,193</u>	<u>52,047,065</u>
Creditors: amounts falling due within one year	10	(10,950,142)	(47,586,283)
<b>Net current assets</b>		<u>2,043,051</u>	<u>4,460,782</u>
<b>Total assets less current liabilities</b>		<u>3,689,456</u>	<u>4,739,837</u>
<b>Net assets</b>		<u><u>3,689,456</u></u>	<u><u>4,739,837</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	534,780	534,780
Share premium account		475,360	475,360
Profit and loss account		2,679,316	3,729,697
		<u>3,689,456</u>	<u>4,739,837</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2019.



R J Turner  
Director

The notes on pages 9 to 15 form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
For the Year Ended 31 March 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	44,823,226	131,125,367
<b>Adjustments for:</b>		
Depreciation of tangible assets	179,637	144,091
Loss on disposal of tangible assets	123,382	-
Interest paid	220	-
Interest received	(73,214)	(13,636)
Taxation charge	10,512,677	30,779,793
Decrease/(increase) in debtors	295,917	(6,741,490)
(Decrease)/increase in creditors	(4,746,260)	5,888,842
Corporation tax (paid)/received	(42,402,558)	13
<b>Net cash generated from operating activities</b>	<b>8,713,027</b>	<b>161,182,980</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,670,369)	(41,979)
Interest received	73,214	13,636
<b>Net cash from investing activities</b>	<b>(1,597,155)</b>	<b>(28,343)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(45,873,607)	135,696,915
Interest paid	(220)	-
<b>Net cash used in financing activities</b>	<b>(45,873,827)</b>	<b>135,696,915</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(38,757,955)</b>	<b>25,457,722</b>
Cash and cash equivalents at beginning of year	44,478,440	19,020,718
<b>Cash and cash equivalents at the end of year</b>	<b>5,720,485</b>	<b>44,478,440</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,720,485	44,478,440
	<b>5,720,485</b>	<b>44,478,440</b>

The notes on pages 9 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2019**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Pelham Capital Ltd is a private limited company incorporated in the UK and registered in England and Wales

The company's registered address is The Economist Building, 9th Floor, 25 St.James's Street, London, SW1A 1HA.

The principal activities are documented in the Strategic Report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management considers that no key accounting estimates have been made which affects the financial statements.

Management are also required to exercise judgment in applying the company's accounting policies. Due to the straight forward nature of the business management consider that no critical judgments have been made in applying the company's accounting policies.

**1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of investment management and performance fees net of valued added tax. Management fees are recognised as they accrue across the year. Performance fees are recognised on crystallisation.

**1.3 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 5 years
Fixtures and fittings	- 3 years
Office equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

**1.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2019**

**1. Accounting policies (continued)**

**1.5 Financial instruments**

The company does not trade in financial instruments and all such instruments arise directly from operations. All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment. The company's cash holdings comprise on demand balances, and all cash is held with banks with strong external credit ratings. Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished. As the company only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

**1.6 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**1.7 Current and deferred taxation**

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2019**

**2. Turnover**

The whole of the turnover is attributable to the company's principal continuing activity.

All turnover arose within the United Kingdom.

**3. Operating profit**

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	179,637	144,092
Auditors' remuneration	16,500	15,500
Auditors' remuneration - non-audit	49,291	35,190
Operating lease rentals	791,605	327,669
Difference on foreign exchange	(876,414)	1,977,109
Pension cost	285,574	18,169
	<u>          </u>	<u>          </u>

**4. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	7,185,940	12,932,189
Social security costs	1,009,119	1,752,754
Pension cost	285,574	18,169
	<u>          </u>	<u>          </u>
	<u>8,480,633</u>	<u>14,703,112</u>

The average monthly number of employees, including the directors, during the year was as follows:

2019 No.	2018 No.
<u>17</u>	<u>18</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2019

**5. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	3,300,000	4,800,000
	<u>3,300,000</u>	<u>4,800,000</u>

The highest paid director received remuneration of £3,150,000 (2018 - £4,650,000).

**6. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	10,512,677	30,779,793
	<u>10,512,677</u>	<u>30,779,793</u>
<b>Taxation on profit on ordinary activities</b>	<u>10,512,677</u>	<u>30,779,793</u>

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	55,335,903	161,905,160
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	10,513,822	30,761,980
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(1,145)	289
Capital allowances for year in excess of depreciation	-	17,524
<b>Total tax charge for the year</b>	<u>10,512,677</u>	<u>30,779,793</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2019**
**7. Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2018	501,807	150,081	245,277	897,165
Additions	1,645,058	8,187	17,124	1,670,369
Disposals	(501,807)	-	-	(501,807)
At 31 March 2019	1,645,058	158,268	262,401	2,065,727
<b>Depreciation</b>				
At 1 April 2018	282,484	142,594	193,032	618,110
Charge for the year	141,941	8,192	29,504	179,637
Disposals	(378,425)	-	-	(378,425)
At 31 March 2019	46,000	150,786	222,536	419,322
<b>Net book value</b>				
At 31 March 2019	1,599,058	7,482	39,865	1,646,405
At 31 March 2018	219,323	7,487	52,245	279,055

**8. Debtors**

	2019 £	2018 £
Trade debtors	37,307	37,307
Amounts owed by group undertakings	1,397,208	1,409,062
Other debtors	838,638	458,442
Prepayments and accrued income	4,999,555	5,663,814
	<b>7,272,708</b>	<b>7,568,625</b>

Included within other debtors is a rent deposit of £349,974 (2018: £349,974) due in more than one year.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2019

**9. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	5,720,485	44,478,440
	<u>5,720,485</u>	<u>44,478,440</u>

£233,797 (2018: £999,122) of the Company's cash at bank is not available for use by the Company. This relates to cash held in a separate bank account for the purpose of satisfying future liabilities of a third party. An equivalent balance is included in accruals and deferred income in respect of this amount.

**10. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	288,568	322,909
Corporation tax	7,102,294	38,992,175
Other taxation and social security	2,099,064	6,999,484
Other creditors	291,930	136,255
Accruals and deferred income	1,168,286	1,135,460
	<u>10,950,142</u>	<u>47,586,283</u>

**11. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
9,201 (2018 - 9,201) A Ordinary shares of £1.00 each	9,201	9,201
40,623 (2018 - 40,623) A shares of £1.00 each	40,623	40,623
429,418 (2018 - 429,418) B Ordinary shares of £1.00 each	429,418	429,418
47,270 (2018 - 47,270) C Ordinary shares of £1.00 each	47,270	47,270
8,268 (2018 - 8,268) D Ordinary shares of £1.00 each	8,268	8,268
	<u>534,780</u>	<u>534,780</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2019

**11. Share capital (continued)**

The voting rights of the each share class are as follows:

A Shares -As a class of shares the holders have a 4.99% voting right.

A Ordinary shares -As a class of shares the holders have a 92.01% voting right.

B Ordinary shares -As a class of shares the holders have a no voting rights

C Ordinary shares -As a class of shares the holders have a 1 % voting right.

D Ordinary shares -As a class of shares the holders have a 2% voting right.

The rights to dividends vary by share class. The details of dividend rights are included within the articles of association.

The shareholders of A Ordinary shares, B Ordinary shares, C Ordinary shares and D Ordinary shares are restricted from disposing of their shares except in the case of a disposal of the company.

**12. Commitments under operating leases**

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	-	350,000
Later than 1 year and not later than 5 years	4,222,009	379,166
	<u>4,222,009</u>	<u>729,166</u>

**13. Related party transactions**

During the year, dividends of £4,631,824 (2018: £17,849,680) were paid to directors and £34,573,846 (2018: £99,201,884) were paid to a company which was controlled by one of the directors.

During the year the company had the following transactions with companies under common control:

- the company received income of £nil (2018: £1,105,118)
- the company was charged expenses of £135,107 (2018: £22,671)
- the company recharged expenses of £338,555 (2018: £158,970)

At the year end £1,397,208 (2018: £1,408,755) was due from these companies.

At the year end the company was owed £34,461 (2018: £22,369) from directors of the company.

**14. Controlling party**

The ultimate controlling party is Ross Turner.